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TAGS: [ECON](#) [EINV](#) [EFIN](#) [KIPR](#) [LE](#)
SUBJECT: MGLE01: ECONOMY AND TRADE MINISTER DISCUSSES GOL
IPR EFFORTS AND ECONOMIC REFORM

REF: STATE 14937

Classified By: Ambassador Jeffrey Feltman for Reasons 1.4 (b) and (d).

11. (C) Summary: On February 10, the Ambassador and Econoff called on Minister of Economy and Trade (MOET) Sami Haddad to discuss GOL efforts to improve the intellectual property rights (IPR) climate in Lebanon and encourage the GOL to prepare a submission of recent IPR efforts and future plans for the "Special 301" review process (Reftel). Haddad presented the Ambassador with a draft "IPR action plan" that includes recent efforts and future plans of the GOL on IPR issues, particularly regarding pharmaceuticals and cable piracy. During his discussion of GOL IPR efforts, Haddad asked the Ambassador if the USG could help the GOL with the implementation of a new draft law regarding cable piracy. Haddad told the Ambassador that the GOL had completed 90 to 95 percent of the economic reform agenda but that Minister of Energy and Water (MEW) Mohammad Fneish (Hizballah) and Labor Minister Trad Hamadeh (allied with Hizballah) were causing difficulties with moving forward on reform. Haddad also told the Ambassador that although he and Finance Minister Jihad Azour were in favor of the GOL adopting a formal IMF program, Central Bank Governor Riad Salameh was against a formal program. (Salameh later denied this to the Ambassador.) End Summary.

GOL HAS IPR ACTION PLAN

12. (C) Haddad told the Ambassador that the GOL was busy preparing an "IPR action plan" to be submitted to the USG by February 13 to be included for "Special 301" review. (Note: The Embassy received a draft plan on February 10 and the final version on February 13. The GOL submission was sent via e-mail to Washington on February 13. End Note.) New initiatives by the GOL include: drafting new provisions of the copyright law for the electronic environment, amending Article 25 of the copyright law for TRIPS compatibility, applying six years of data exclusivity for pharmaceuticals and agricultural chemical products as provided for under the Lebanon-EFTA (European Free Trade Association) Agreement, deleting Article 47 of the patent law on confidential data, finalizing a draft law on industrial designs, and proposing a draft law on geographical indicators.

GOL WANTS HELP WITH CABLE PIRATES

13. (C) The IPR action plan also contains enforcement initiatives for both cable piracy and the pharmaceutical industry. Actions for the cable industry include working in parallel on the legislative and enforcement tracks by enacting the necessary regulatory framework while also re-launching negotiations between the cable operators and content providers. QQ, o of the GOL were serious on combating the cable piracy problem. New actions on the pharmaceutical front include the application of six years of data exclusivity for pharmaceuticals. Embassy contacts in the pharmaceutical industry have told Econoff that they are encouraged by the offer of six years of data exclusivity, but they would like to have no new registrations considered during the "interim period" after the legislation is proposed and before it comes into effect.

HADDAD FRUSTRATED WITH PACE OF
GOL DECISION MAKING

14. (C) Haddad told the Ambassador that he was frustrated at the inability of the GOL to implement important economic decisions. He said that "time has no value" in the public sector and he felt the GOL was "constipated" in its decision making. Haddad said that he had found very few Ministers who would listen to his plea to "free" the price of bread. He also said that he was frustrated with the GOL's inability to name a Secretary General of the Privatization Committee

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despite the presence of three good candidates who were short-listed for the job. He agreed with the Ambassador that the lack of a Director General in his own ministry was also impeding economic work by the GOL.

REFORM AGENDA NEARLY COMPLETE

15. (C) Haddad stated that, "we have completed 90 to 95 percent of the economic plan" that will be presented before a future donors' conference. When the Ambassador asked Haddad who the "we" referred to, Haddad said that the MOET, the Ministry of Finance, the Central Bank, the Prime Minister, and members of the Prime Minister's inner Cabinet had nearly finalized the GOL's economic agenda. Haddad said the next step would be to present the economic agenda in front of the full Cabinet in late February before showcasing the document in front of the Bankers Association, the Industrialists Association, and other economic and civil society stakeholders.

FNEISH AND HAMADEH PROBLEMATIC

16. (C) According to Haddad, two of the most problematic ministers in the current Cabinet are Minister of Electricity and Water Fneish and Minister of Labor Hamadeh. Haddad stated that neither Fneish nor Hamadeh had given any credible contributions to the GOL's economic reform agenda regarding power and social security issues. (Note: Fneish and Hamadeh are two of the five Shia ministers in the Cabinet who, until recently, were boycotting Cabinet meetings. End Note.) Haddad said that Hamadeh was currently trying to undermine the solvency of the social security system inside the Cabinet by proposing to extend social security and health benefits to new groups. Haddad told the Ambassador that he had personally angered Hamadeh at an earlier Cabinet meeting by "tearing" and "throwing" a page of Hamadeh's Power Point presentation on social security in front of other Cabinet members.

HADDAD AND AZOUR PRO-IMF,
SALAMEH AGAINST A FORMAL PROGRAM

17. (C) Haddad told the Ambassador that he sometimes comes

across as "undiplomatic" in Cabinet meetings because of his strong views in favor of a formal IMF program. Haddad agreed with the Ambassador that it was important for the GOL to adopt a formal IMF program because it would bring financial discipline, credibility from the donors, and the likelihood of higher amounts of funding. Haddad said he and Finance Minister Azour were the leading advocates in the Cabinet for a formal IMF program, while Central Bank Governor Salameh opposed a formal program. When the Ambassador asked Haddad why Salameh would be against a formal IMF program, Haddad said Salameh may not have liked IMF criticism of the Central Bank's handling of Middle East Airlines and the Casino du Liban. He also speculated that Salameh may have political ambitions and would like to be seen as the champion of the banking sector. (Comment: The Ambassador went from the Haddad meeting to a lunch with Governor Salameh. In discussing the possibility of an IMF program, Salameh said that he was not opposed. While Salameh is probably the least enthusiastic of major GOL officials on this question, he seems to be softening up on the idea of an IMF program. End comment.)
FELTMAN